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July 18, 2005

Christian G. Samito, Esquire
Donovan Hatem, LLP
Two Seaport Lane
Boston, MA 02210

RE: Trans-Spec Truck Service, Inc. v. Caterpillar, Inc.
U.S.D.C., Civil Action No. 04-11836-RCL

Dear Mr. Samito:

Please find enclosed documents Bates stamped S001435-S001781; S001786-S001898; S001926-S002022; S002024-S2142; S002156-S002397 and S003739-S003770. Due to the presence of sensitive confidential information pertaining to customer names and/or financial information, you will find certain redactions in the documents.

The above-referenced documents supplement Caterpillar, Inc.'s ("Caterpillar") automatic disclosure and *Caterpillar Inc.'s Response to Trans-Spec Truck Service Inc.'s First Request for Production of Documents* (Jan. 28, 2005), Nos. 3, 4, 18, 19, 22, 26, 27, and 28. Furthermore, Caterpillar produces these documents to supplement *Caterpillar's Responses to Trans-Spec Truck Service, Inc.'s Second Set of Interrogatories*, Nos. 1 and 3.

We have also enclosed a privilege log pertaining applicable to the document production. Thank you for your attention with this matter.

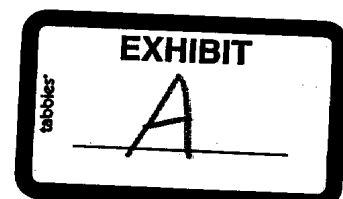
Best regards,

A handwritten signature in black ink, appearing to read "Kevin P. Guichon", written over a horizontal line.

Kevin P. Guichon

KPG/kg

cc: Richard Campbell (w/o attachments)
John Grunert (w/o attachments)



Thanks!

Rich Bowes

CPI Supervisor
On Highway Engine Department
(309) 578-7028 FAX (309) 578-2437
Internet E-Mail: "Bowes_Richard_E@Cat.com"

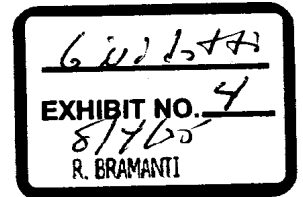
S001441

CONFIDENTIAL

----- Forwarded by Beth A. Wholf/1V/Caterpillar on 05/11/2005 11:58 AM

Troy N. Guidotti/0A/Caterpillar
09/09/2004 04:32 PM

To
To
Beth A. Wholf/1V/Caterpillar@Caterpillar
Richard E. Bowes/0C/Caterpillar@Caterpillar
Steve W. Schoening/0C/Caterpillar@Caterpillar
cc



Subject
Flywheel Housing Failures

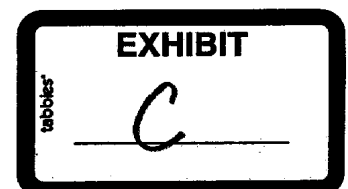
Caterpillar: Confidential Green Retain Until: 09/09/2007 Retention
Category: G90 - General Matters/Administration

Team,

Here is what I found in the engine history for flywheel housing failures for the Truck Services Serial Numbers. There may be quite a few more failures but these are the ones that we have in the system and are documented. My guess is that he has had a failure on just about all of the units however, they may have been fixing them at their own facility.

Thanks,

Troy N. Guidotti
Truck Engine District Manager
Northeast Region
Hartford District Office
Office: 860-658-3434
FAX: 860-651-4118



S001830

EXHIBIT NO. 1

8/7/05
R. BRAMANTI

02/02/2004 01:32 PM

Subject: C12 / Sterling flywheel housing bolts, housing cracks

Caterpillar: Confidential Green

Retain Until: 03/03/2004

Retention Category: G90 - General
Matters/Administration

Stu,

This is an email from Al Cardoza at Southworth Milton. Al is a TEPS program manager as well as a TC. As you can see this is only one customer that is dealing with this flywheel housing issue in Sterling Chassis. We have several with this issue however, this is the largest of the group. In the hope of sparing you a long draw out email and customer list, I am providing you information from the customer that has been most effected. I appreciate any help you can provide.

Thanks Again,
Troy

----- Forwarded by Troy N. Guidotti/0A/Caterpillar on 02/02/2004 02:28 PM -----

AL CARDOZA@SMI

01/30/2004 09:45 AM

To: Troy N. Guidotti

Subject: C12 / Sterling flywheel housing bolts, housing cracks

Caterpillar: Confidential Green

Retain Until: 02/29/2004

Retention Category: G90 - General
Matters/Administration

Troy, This email is to provide you with the details which have resulted in C12 flywheel housing failures. The customer is Truck Service Inc.

South West Cutoff, Worcester, Mass. They own 30 Sterling tractors equipped with C12 engines 380 hp, 2KS vintage. The serial #s

- are as follows : 2KS27897, 2KS27904, 2KS27877, 2KS27878, 2KS27857, 2KS27931, 2KS27844,* 2KS27936, 2KS27936, **2KS27893, 2KS27999,**
- **2KS27914, 2KS27861, 2KS27791, 2KS27780, 2KS28378, 2KS28368, 2KS27955, 2KS27905, 2KS27835, 2KS27956, 2KS27953,**
- **2KS28276,** These engine serial numbers that are listed in red have had the flywheel housings replaced. Those in bold print have had the
- bolts repeatedly loosen. This condition of the bolts loosening and the dowel pins loosen allows the housing to shift thus allowing the
- housing to fret the back of the cylinder block. 2KS27936 has had 3 flywheel housings replaced and is in their shop in need of a 4th housing and
- the cylinder block is fretted beyond a acceptable surface.
- The operation of Truck Service Inc. is hauling tankers and dump trailers. The spec'd the trucks heavy for this sole purpose. In past they
- owned 3176 engines in Freightliners and had no problems. Also make note that each time a housing was replaced or found loose they would
- replace the engine mounts. The fact is the transmission is unsupported and creates a great deal of flexing on the flywheel housing which we
- believe is the reason the housing and bolt failure has occurred. The average mileage on these trucks is 280,000 to 325,000 miles.
- We need to discuss this on going problem and provide Truck Service with a repair that will correct the failures.
-
-
-
-

EXHIBIT

D

**Troy N.
Guidotti@CATERPILLA
R**

To: Al Cardoza/POWER/SMI@SMI
cc:
Subject: Re: C12 / Sterling flywheel housing bolts,housing cracks


02/03/2004 03:35 PM

----- Forwarded by Troy N. Guidotti/0A/Caterpillar on 02/03/2004 03:35 PM -----

Stuart K. Nack

02/02/2004 04:40 PM

To: Tod S. Sefton,Troy N. Guidotti

Subject: Re: C12 / Sterling flywheel housing bolts,housing cracks 

Caterpillar: Confidential Green

Retain Until: 03/03/2004

Retention Category: G90 - General
Matters/Administration

Tod,

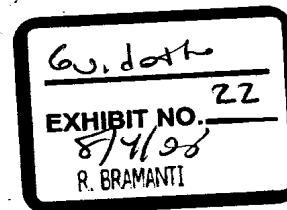
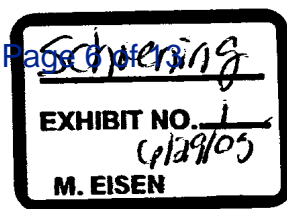
I do not recall, but I suspect this is the result of Sterling not supporting their transmission??

Troy,

Which Sterling truck is this?Acterra??

Bridge engines??

<http://sterlingtrucks.com/PageServer.asp?Location=Home>



8/2 Bob Carrick 440-269-5584

Truck Service -

6-8 more?

22 trucks wants
to trade.

* 10k short.

Troy - 2 covered under warranty.

- 2 failed 3 times

- Another 5 need to be done. failed.

- 1 m in downtime.

Asked for quotes

Tri State in Shrewsbury.



82

Cont'd
from previous
page

Things in notes -

Blocks & housing on 2 trucks @ Milford Cat.

Others - rotating trucks in to ~~the~~ Stud (3-4)

5 total?

↳ no block or housing damage

Jay is aware (owner)

↳ after inspection.

↳ inspection on regular basis.

Feels this will continue to be an issue.

Bill @ Sterling - Cat needs to step up to plate
looking @ F/L & DDC.

To p. 94

Will consider \$ on new purchase if
Cat powered. Based on past history.

Trucks don't need to be down @ Tristate F/L.

84

8/9

Truck Service - Jay
BobUnit #

7600 - loose

8000 - Block cracked

6300 - 3 repeat failures 12/01, 9/02, 2/03 - Block cracked

8600 -

9100 - 2 failures 11/01, 3/02

Dyna tested - engine fine, including
vibration w/ new mounts

Up to 35 done so far

One that just repaired - now front housing leaking
1/3 of fleet down

Absolutely out of money.

8 trucks down right now - waiting to get in shop.

All trucks runned since day one → 22 units

These trucks normally gone by June.

Will trade no matter what.

*44K vs 36K trade-in

"Normal" buyer vs Select Trucks.

↳ will not pay for premium due to history.

↳ Blue Book back in March.

CIS - Allison Autos.

1550 lb ft w/ hi hp. Performance + economy

Run example - make suggestions.

4.38, 10 spd, LP - now.

Amy Wolf
is Black Belt
on 6 Sigma
review team.maybe tow
trucks to marketC.A. Fisher
F/C

85

Asked Bob - 22 trucks at factory cost.
Plus dlr profit. Agreed - can get
rid of trucks.

- Need S/4 ESC - " \$1,000 - per engine.

- Check specs - 1550 lb ft. max.

- Compare to other customer w/ roll-off.

Still pursuing MBB + DSC.

H.O. Penn - Bob called -
no returned phone call.

AI - called - valve failure

Need contact - list

8/10 - Bob.

Acting/Cat issue. Root cause not yet identified.

Bob - no slots, no engines

C/3 - option -

Cusson - should consider options

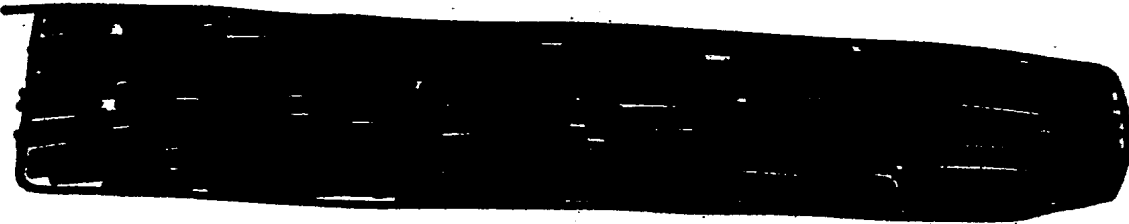
Acting does not have slots open
until March 05. Also C/3's short
is supply. might be able to
find single units if customer
flexible to take different setups.

Offer - S/4 + \$1,000 per unit.

8/25 - one w/ new block, new housing, + mounts failed immediately.
Eddie Blake?

94

- Chris Decker - Cat legal. SS355
Sheryl Hunsbie
Truck Services



8/22

9/16

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

110

1/4/05 Transpec Truck Service Steve Frobecker.

Chris Norton - mid Dec phone call.

Mark Granger - Milton Legal

Construction Materials

Have not been able to settle.

1 reimbursement per Caterpillar engine purchased. I
2 don't have any other specifics besides that.

3 MR. SAMITO: That's all I have.

4 MR. GRUNERT: I think I only have one
5 question.

6 Examination by Mr. Grunert:

7 Q. Mr. Shoening, you were asked a question, and I
8 think I got it down correctly, you were asked
9 whether -- or how you understood repairs were being
10 paid for after or around the time of the August 9,
11 2004 meeting, and I think you said that you
12 believed repairs were being taken care of per the
13 terms of the extended service coverage. What did
14 you mean by "per the terms of the extended service
15 coverage"?

16 A. **The extended service coverage plan has specific
17 terms and conditions and limitations, and we were
18 taking care of the repairs per those terms,
19 conditions and limitations via our goodwill budget.
20 So we were paying for these repairs under goodwill
21 per the terms and conditions and limitations of the
22 extended service coverage program.**

23 Q. Does the extended service coverage program limit
24 Caterpillar's obligation to repair or replacement

1 of a part, and exclude payment for downtime and
2 items of that type?

3 A. **Yes, and the specifics on the extended service
4 coverage limitations are detailed out on the back
5 of the extended service coverage form.**

6 Q. But was it your understanding that Caterpillar was
7 paying to repair or replace flywheel housings on
8 Trans-Spec's engines under what you call goodwill?

9 A. Yes.

10 MR. GRUNERT: That's all I have.

11 MR. SAMITO: I have one or two more.

12 Examination by Mr. Samito:

13 Q. When you say "as per the terms of the extended
14 service coverage," did that mean that you -- that
15 Caterpillar was paying under goodwill but pursuant
16 to the terms of the extended service coverage plan?

17 A. That is correct.

18 Q. Is that in effect, and correct me if I am wrong,
19 but is that in effect that they were extending the
20 extended service coverage -- they were following
21 the extended service coverage plan, but doing the
22 compensation through the goodwill budget?

23 A. **I can speculate, because I don't know the details,
24 but I believe the extended service coverage terms**

1 for time and mileage were still in place, and the
2 engines still had extended service coverage on
3 them, but the failure, since it was not identified
4 as a Caterpillar failure per the terms and
5 conditions of the extended service coverage
6 contract, were not being paid for under the ESC
7 program.

8 Q. Why were the failures not being identified as a
9 Caterpillar coverage issue?

10 A. **They were not -- the repairs themselves -- the
11 failures did not fall within the terms and
12 conditions of the extended service coverage. I
13 cannot specify exactly where and why.**

14 Q. Do you have Cardoza Exhibit 2? Looking at Cardoza
15 Exhibit 2A, the back side of Exhibit 2A, it was
16 that double-sided document that I had you look at;
17 there were some signatures on the front. Under the
18 extended service coverage, and Trans-Spec had
19 extended service coverage plus as evidenced by the
20 front page of Exhibit 2A to the Cardoza deposition,
21 from the back, it appears to be the highest
22 category here of service coverage. If you look at
23 the -- basically D, range of extended service, one
24 of the things that it says is, "The following

EXHIBIT

F

tabbick